UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD(X)/PC/6
22 October 1999

Original: ENGLISH

Tenth session
Bangkok, 12 February 2000

GUIDELINES FOR THE PARTICIPATION OF THE EUROPEAN UNION IN THE TENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Note by the UNCTAD secretariat

The attached document is circulated at the request of H.E. Mr. Pekka Huhtaniemi, Permanent Representative of Finland, in his capacity as representative of the Presidency of the European Union.

GE.99-53751

Transmittal note

Dear Mr. President,

On 22 October 1999 the Council of Ministers of the European Union formally decided on the basic position to be followed by the European Union at the tenth United Nations Conference on Trade and Development.

In my capacity as representative of the Presidency of the European Union, I thus have the honour to enclose the "Guidelines for the participation of the European Union in the tenth United United Nations Conference on Trade and Development" resulting from that decision. I would request that they be transmitted to the Preparatory Committee of the Whole and that the Committee consider using them as one of the bases for the pre-conference text for UNCTAD X.

I would therefore be grateful if these guidelines could be issued as an official UNCTAD document.

Please accept, dear Mr. President, the assurances of my very highest consideration.

Ambassador Pekka HUHTANIEMI
Permanent Representative of Finland

His Excellency Mr. Philippe PETIT
Ambassador
Permanent Representative of France to the
United Nations Office at Geneva
President of the Trade and Development Board

Guidelines for the participation of the European Union in the 10th United Nations Conference on Trade and Development

I. Introduction

1. UNCTAD X will be devoted to the issue of "Globalisation as an instrument for the development of all countries and all people". Globalisation indeed offers new perspectives for integrating developing countries into the world economy, including, but also going beyond those offered by trade, for which UNCTAD was established originally. By focusing its work on globalisation, UNCTAD will be able to preserve its important role in the international debate of today's most relevant trade-related issues in the context of sustainable development.

2. The proceedings of the Conference have to be based on a clear and shared understanding of the relationship between sustainable development and globalisation, for which trade and investment liberalisation are fundamental instruments. In order for developing countries to reap the benefits and take up the challenges of globalisation, there is a need for them as well as for donors and the international community to rethink development strategies and policies accordingly.

3. In rethinking these strategies, the European Union will ensure, through the debate at UNCTAD X, as well as through the work of UNCTAD in the next four years, that parallel progress is made both in improving development strategies and domestic policies in the developing countries and in improving and strengthening the international environment in which development must take place.

The strategies and policies that the Union will support at national, at regional and at international level shall be consistent with the objectives of the European Union, including development cooperation policy. Therefore, they will have to foster the smooth and gradual integration of developing countries into the world economy. They shall aim at their economic, social and environmentally sound development and involve an integrated approach to poverty reduction.

Development strategies and policies should also take into account the impact of globalisation on the full enjoyment of human rights, as called for in Resolution 1999/59 of the UN Commission on Human Rights.

Moreover, these strategies and policies should be formulated with a view to greater coherence between the structural, macroeconomic, trade, financial and development aspects of economic policy so as to increase the effectiveness of these policies, and help secure an open and stable economic policy framework conducive to developing countries' integration into world trade, their economic and social development and poverty reduction.

4. UNCTAD X will take place shortly after the Seattle Ministerial Conference, which is expected to launch a new round of trade negotiations in the WTO. UNCTAD X will also coincide with an important stage of the Post-Lomé process while other regional negotiations with the Mediterranean countries, Mercosur, Chile and Mexico are under way. These simultaneous developments offer a possibility of achieving more comprehensive results through a global approach. This requires a high degree of coherence and consistency between all initiatives taken in each of those negotiation frameworks at the regional and at the multilateral level.

II. Globalisation and development

5. Through an unprecedented wave of technology innovations and a more efficient international division of labour, globalisation has been one of the main factors contributing to world growth over the last decades. However, countries did not benefit equally from the advantages from freer trade and increased foreign direct investment (FDI). Whereas some emerging economies provided evidence that there is a way out of underdevelopment thanks to export-led and FDI-absorption strategies, most developing countries have not achieved any significant or continuous increase in their GDP per capita over the last three decades.

6. Despite conspicuous progress in terms of food availability, literacy and life expectancy in most developing countries, poverty remains more than ever an unmet challenge. Moreover, the global and in many places local environment is deteriorating because of unsustainable production and consumption patterns typically linked either to extreme poverty in developing countries or to the lack of sufficiently internalising environmental costs in market prices in developed countries and emerging economies.

7. A missing link between globalisation and development is the existence of adequate domestic policies. Development depends indeed first and foremost on domestic policies. These should be supported by international economic cooperation. Free trade in particular has played a positive role for countries that have been carrying out effective development strategies; the range of such policies extends far beyond the impact of exports and imports as well as of FDI on a country's economic growth.

8. Globalisation through free trade and open investment regimes can improve the overall performance of developing countries' economies provided domestic policies are enhanced by strengthening competition on domestic markets, by opening up new market opportunities abroad for developing countries' exports and by increasing the financial resources available for investment in physical capital and intangible assets, including indispensable public goods. The promotion of multilateral rules and principles integrating sustainable development requirements is a unique way to ensure consistency of effective development strategies at home and globalisation opportunities through free trade and higher FDI flows.

9. In order to reap those benefits, five conditions have to be met:

A. Efficient institutions and domestic policies

B. Attention to the specific economic and social constraints of developing countries in the multilateral trading system

C. Adequate resources

D. Multilateral harmonisation of rules and principles

E. Consistency

A. Efficient institutions and domestic policies

10. In order to "take off", developing countries must reach a certain level of political and economic organisation with reasonably efficient markets and a well functioning State. In LDCs and in many developing countries these conditions must be drastically enhanced in order to attract FDI and to make free trade become a source of welfare gains fairly distributed across the economy. Macroeconomic stability is an essential requirement towards sustainable development and eradication of poverty.

11. Development strategies can only succeed when implemented in a stable political environment by governments determined to make sustainable development a priority. Without genuine will to develop, no development is possible. Accountable democratic governments and the rule of law secure development more surely through the stability of political systems and the priority for development. These appear therefore, along with respect for Human Rights, as prerequisites for sustainable development strategies.

12. Development requires higher savings and investment rates and better education. High savings are directly connected to sound macro-economic policies aimed at avoiding both domestic inflation and exchange rate depreciation. Moreover, the efficiency and the solidity of the domestic financial sector are decisive for ensuring fair access to credit, higher productivity of investment and therefore higher savings through better remuneration.

13. Free trade and environmental protection can and must be mutually supportive. Free trade provides the framework for a more efficient use of environmental resources through the better use of natural competitive advantages and through technological innovations allowed by economies of scale and competition on world markets. At the same time, environmental requirements can provide an incentive for technological innovation and economic efficiency. However, the environmental benefits of free trade are not automatic – i.e. they will only materialise if effective environmental policies are implemented both at national and multilateral levels.

14. Social policies encompassing health, primary and technical education, especially for girls, as well as social safety nets, yield a high return on public expenditure in terms of growth. Education is one of the key public goods a State must secure in order to ensure technology absorption and, thereby, along with investment in physical capital, higher productivity. The recent financial crisis in Asia has highlighted the fact that countries that have effective social safety nets in place during a financial or economic crisis are more resilient and better equipped to mitigate negative effects.

15. The private sector operating in efficient and competitive markets is the engine of economic growth and the main source of employment in most developing countries. It enhances developing countries' competitiveness, thus contributing to their integration into the world economy.

16. Development therefore requires above all the smooth functioning of fair and competitive markets for products, services and other resources, including credit and natural resources. In this respect, it is essential to contain arbitrary action of governments against business, to combat corruption and to prevent collusive practices between public authorities and rent-seeking oligopolists or monopolists by determined competition policies.

B. Attention to the specific economic and social constraints of developing countries in the multilateral trading system

17. Multilateral rules, contributing to ensuring a stable and predictable environment, are of value for development. The progressive integration of developing countries into the multilateral trading system will depend not only on the success of their domestic reforms and on the competitiveness of their economies, but also on the capacity of this system to appropriately address and take into account the specific economic and social capacities and constraints of these countries and, in particular, of the least developed among them.

18. In this context, special and differential treatment (SDT) must become a better instrument for development, enabling DCs, in particular the least developed among them, to gradually integrate into the multilateral trading system. Developing countries should be encouraged to make full use of the SDT provisions.

19. Developing countries should continue to receive from industrialised countries, as well as from more advanced developing countries, effective preferential treatment related to market access. Essentially all products originating in the least developed countries should be ensured duty free market access to the markets of industrialised countries and other more advanced developing countries. The adoption of positive incentives under GSP linked to sustainable development policies and multilateral norms should be promoted.

20. Developing countries should commit themselves to liberalisation consistent with their development needs and be ready to engage, through regional integration schemes among developing countries, towards establishing free trade areas fully consistent with WTO provisions, as a way to enhance competition and to reap economies of scale, thereby preparing for progress towards multilateral liberalisation.

21. Regional arrangements between developed and developing countries through reciprocity in their trade relations favour the economic growth of developing countries through new investment and trade dynamics.

C. Adequate resources

22. Stability and efficiency of the national as well as regional financial markets, increased domestic savings and optimal allocation of resources are a sound basis for sustainable economic growth.

23. Globalisation of financial markets has enhanced the possibilities for transfers of funds from developed to developing countries, through Foreign Direct Investment, as well as through portfolio investments and bank loans.

24. Opening up the investment regime should remain a priority for developing countries. In that respect, a multilaterally agreed framework of rules negotiated in the WTO focusing on FDI would enhance stable investment flows by creating a more transparent and predictable investment climate worldwide.

25. Whereas some emerging economies have taken full advantage of the possibility of attracting foreign capital, most LDCs were unable to do so due to a lack of adequate macro-economic policies and to the structural weakness of their institutional and legal framework, and in particular of their financial sector, as well as to the risks resulting from the volatility of financial markets. Capital flow liberalisation must continue. However, in parallel with liberalisation of capital markets, prudential rules and supervision must be further developed to avoid the risks resulting from turmoils in financial markets. In this context, progress should be made on the one hand in order to strengthen the solidity of domestic financial sectors as well as macro-economic performance and on the other hand in order to improve the international financial system, with regard to transparency of flows, prevention of financial crisis and the fight against corruption, money laundering and tax evasion, as well as to stabilise financial markets.

26. Official Development Aid (ODA) will remain a critical resource for many developing countries. Its volume should be progressively brought into line with the UN agreed target 0.7 % of ICs' GDP and the target of 0.2% of this for the LDCs. ODA should inter alia contribute to physical infrastructure, social policies and capacity building, including in particular trade-related capacity-building to enhance the ability to trade and to help those countries integrate in the world trade system, and should accompany policy reforms geared towards sustainable development. Coordination among donors and full ownership by the recipient country itself are necessary conditions for effective and well-targeted assistance.

D. Multilateral harmonisation of rules and principles

27. The pressure from global financial markets on governments to ensure that their fundamentals are right, and on enterprises for higher returns on investment, contributes to a "competition among rules" between tax, social, environmental and regulatory national systems. It is therefore important that developing countries, when implementing economic reforms, increasing export competitiveness and building a favourable investment climate, are placed in a position that allows them to carry out such tax, social, environmental and regulatory policies, which are critical in terms of sustainable development.

28. Agreed efforts by developing and industrialised countries to adopt and implement these policies call for multilateral rules based on such widely accepted principles as:

<u>In the social sector</u>

- the effective implementation of ILO core conventions (the right to organise in unions; the right to collective bargaining; ban on exploitative use of child labour; ban on forced labour; ban on discrimination in a work situation);

<u>In the environmental sector</u>

- the implementation of Multilateral Environmental Agreements - such as the Montreal Protocol, the UN Framework Convention on Climate Change (FCCC), the UN Convention on Biological Diversity (CBD) - in a manner consistent with the principle of common but differentiated responsibilities as they are being concluded, signed and ratified, taking into account core environmental principles such as the precautionary principle;

In the financial sector

- the promotion of effective prudential supervision as well as the promotion of norms on capital flow transparency so as to consolidate domestic financial sectors in developing countries and to prevent global systemic crises,

- the fight against corruption, money laundering and tax evasion.

29. The development dimension would also have to be addressed when negotiating multilateral rules on Foreign Direct Investment and competition as well as on trade facilitation.

E. Consistency

30. Consistency between domestic strategies, trade and international investment policy, and multilateral harmonisation of social and environmental rules implies more effective coordination among donor countries and countries that grant trade preferences as well as full participation and ownership by recipient countries.

III. UNCTAD Contribution to the Elaboration of Strategies for Sustainable Development

III.1 The work programme of the Organisation for the next four years

III.1.1 Introduction

31 UNCTAD's work programme for the four years following the 10th Conference should contribute to promoting development strategies along the lines set out above while respecting the specificity of other international fora. This would require adjusting the work programme agreed upon at the 9th Conference accordingly, based on an updated definition of UNCTAD's role and on a set of priorities reflecting present needs and circumstances.

32 In framing the work programme of the Organisation for the next four years, account will need to be taken of the role of UNCTAD, which is threefold:

- act as a forum for intergovernmental discussions and deliberations fed in particular by experts' exchanges of experiences. These activities cover the pre- and post-negotiation phase of the new WTO Round and are aimed at consensus-building;

- carry out research, data collection and analysis activities that provide pointers for the discussions of the experts and government representatives;

- provide, in cooperation and coordination with other organisations and donors, technical cooperation activities based on the needs of the developing countries, and closely connected and intertwined with the research and analysis activities.

UNCTAD should closely co-operate with other international organisations in trade and development-related areas to enhance complementarity and mutual supportiveness of policies.

33 As far as global rule-making in trade matters is concerned, UNCTAD is not the appropriate forum for the negotiation of multilateral rules. This is the prerogative of the WTO.

34. UNCTAD in its debates at intergovernmental and at expert level, in its analytical activities as well as in technical cooperation, should continue to focus on the four fields of activities set out in paragraphs 86 to 94 of the Midrand document: trade in goods and services and commodity issues; investment, enterprise development and technology; service infrastructure for development and trade efficiency, as well as the more general topic of globalisation and development.

35. However, like UNCTAD IX, the 10th UNCTAD Conference will have to identify priorities in these four fields. These priorities should reflect UNCTAD comparative advantages as well as the specificity of its general mandate lying in a combined analysis of both the trade and the development dimensions of each theme. The selection of priorities should also take account of the changes that have occurred since Midrand as well as of the international community's agenda in the months ahead.

36. In particular, internal institutional reforms and capacity-building in the commercial and economic sectors, the involvement of the different actors of civil society in the development process and regional integration, could be suggested as priority topics in the various fields of UNCTAD activities.

37. The increasing risk of marginalisation of Least Developed Countries in the global economy argues in favour of continuing to put LDCs' specific problems at the centre of UNCTAD's activities and assistance programmes.

However, UNCTAD activities, in particular technical assistance programmes, should also take into account the needs of countries facing similar problems.

38. The themes relating to human rights, to the centrality of social and human sustainable development, to the gender dimension and to poverty alleviation should not be included in UNCTAD's programme of work, as the Organisation has no genuine comparative advantage in these fields. However, in implementing its programme of work, UNCTAD's analytical and technical cooperation activities, must contribute to a global response by the international community to the existing problems in these fields, taking into account the work carried out by other relevant intergovernmental organisations.

III.1.2 The programme of work in the four fields of activities of the Organisation

a) Globalisation and Development

39. UNCTAD should continue to focus on the implications of globalisation of sustainable development. More specifically, there should be analytical work on:

(a) the impact of macroeconomic reforms, structural adjustment, and second-generation reforms on development, in the light of increasing global interdependence;

(b) how to improve the positive effects of globalisation and minimise the negative ones, including the unequal distribution of benefits, considering that the present market-based international economic system is a necessary condition for development;

(c) the importance of institutional reforms and capacity-building, focusing in particular on issues such as good governance, including exchange of experiences on the prevention of and the fight against corruption as well as the establishment of a regulatory framework favourable to the development of a market economy;

(d) the role and responsibilities of the different actors in civil society contributing to the integration of developing countries in the world economy;

(e) the role of regional integration processes, both between developing countries and between developing and developed countries, in ensuring increased economic stability and mitigating the impact of adverse external shocks. This should include the analysis of positive experiences of regional integration that facilitated the economic growth of member countries. In this context, UNCTAD should continue to provide, on a demand-driven basis, technical cooperation to developing countries with regard to establishing the institutional framework and implementing the policies related to UNCTAD's fields of activity, necessary for regional integration. Such schemes should be in accordance with, and thereby supportive of, the multilateral trading system;

(f) the specific problems of LDCs in their efforts to integrate into the global economy. In this context, the results of and experiences in the implementation of the Programme of Action for the Least Developed Countries, as well as the Integrated framework for trade-related technical assistance to Least Developed Countries (1997), should be taken into due consideration;

(g) how UNCTAD best could assist developing countries in managing their national debts. In this context donors, as well as beneficiary developing countries, in relation to the maintenance costs could continuously support the DMFAS programme.

b) Investment, Enterprise Development and Technology

40. UNCTAD should continue and develop its activities of collection and analysis of data on foreign direct investment in order to get a better understanding of the relations between investment, trade and development and to study the contribution of investment flows to the development process. In this regard, the outstanding quality of the World Investment Report must be underlined.

In this context, UNCTAD should carry on analytical activities on the institutional and macroeconomic framework and the different location factors capable of mobilising and maintaining FDI in developing countries, as well as on negotiation of multilateral rules on investment, giving particular attention to the specific needs and conditions of developing countries in this context.

These analytical activities should complement the debate at intergovernmental and at expert level aimed at consensus building and should be accompanied by technical cooperation activities aiming at assisting developing countries in their efforts to create an environment favourable to investment.

41. UNCTAD should do analytical work and provide a forum for exchanges of experiences at intergovernmental and at expert level on the formulation of policies favourable to the development of the private sector at local, national and regional levels.

In particular, the conditions for the promotion of local development, looking at the existing differences between the territories, the competitive factors they express and the local actors to associate in the definition of interventions, the experiences of new forms of partnership and dialogue between the private and public sectors, the role and specific needs of SMEs, the mechanisms increasing the level of foreign and domestic investment in accordance with WTO rules, and the role of microfinance, as an integral part of financial institutions, could be further examined.

42. UNCTAD should support, through the appropriate analytical activities, the efforts made by developing countries in order to define, adopt and implement policies and to respond to technological and scientific changes. It should also provide a forum for debate at intergovernmental and at expert level on these issues, without duplicating existing negotiations and debate within WTO, CSTD and ITU among others.

43. In this field of activities, UNCTAD should deal with issues related to institutional reforms and capacity-building and to the role of the different actors of civil society especially the private sector. Analytical work should be carried out on the establishment of a legal and regulatory framework conducive to the development of the private sector and favourable to FDI and to domestic investment and the development of local expertise as well as regional networks.

44. Referring to regional integration, UNCTAD could examine its impact on:

(a) the development of competitive capacities of enterprises and in particular, in developing and strengthening competitive chains for the production of goods and services, as well as the identification and strengthening of flanking support measures to these chains;

(b) FDI flows;

(c) the development and acceptance of harmonised investment rules.

c) Trade in goods and services and Commodity issues

45. UNCTAD should continue and enhance its activities in order to support the efforts of developing countries to integrate into the multilateral trading system. In particular, UNCTAD should provide a forum for debate at intergovernmental and at expert level, in which to analyse, from the perspective of development, the subjects of the forthcoming WTO negotiations in order to allow developing countries to better understand the issues at stake and to enable them to participate more actively in those negotiations. Special attention should be paid to:

(a) the opportunities offered to developing countries by opening the economic environment through strengthening the discipline in the service sector and in fields of trade-related matters such as Foreign Direct Investment and competition;

(b) how special and differential treatment can be better utilised as a developmental tool to help developing countries integrate into the world trading community;

(c) the identification of other issues in which developing countries can have a special interest as well as of ways and means to overcome problems hampering developing countries integration into the multilateral trading system.

UNCTAD should as well discuss ways and means to accommodate trade policies with other policies, guiding the debate away from fears over unilateralism and protectionism.

UNCTAD should also continue technical cooperation activities supporting developing countries, and in particular the LDCs, in their accession to the WTO, in the preparation of the future WTO negotiations and the implementation of the commitments deriving from present and future negotiations. Moreover, UNCTAD could offer technical cooperation to developing countries in the development of negotiating options through the different level and context of trade negotiations.

46. UNCTAD should continue its initiatives in the field of trade preferences and related rules of origin issues. It should in particular examine how developing countries and especially LDCs can take better advantage of existing preferences and how more advanced developing countries can offer LDCs preferential access to their markets. UNCTAD should on a continuous basis publish accurate information on the existing systems. By utilising modern information technology, such information could facilitate economic operators' access to correct information. A discussion on topics related to the application of the Enabling Clause (for instance classification system), taking into account the changing economic conditions and policies of developing countries, could also be useful in UNCTAD. The Organisation should also continue its technical cooperation to economic operators in the use of preferences.

47. UNCTAD should continue its analytical activities as well as favour the exchange of experiences in the field of commodities, particularly on:

(a) diversification, as the appropriate strategy for breaking dependence on commodities and stabilising export earnings;

(b) risk management instruments.

48. UNCTAD should continue to conduct analytical activities and to provide a forum for debate at intergovernmental and at expert level on competition policies and rules, in order to raise developing countries' awareness and to allow them to share their experience. UNCTAD could in particular analyse the importance of State-owned and private monopolies in emerging markets, the relations between investment and competition, the types of regulation adapted to different levels of market development. UNCTAD could also undertake analysis in support of the negotiations of multilateral rules on competition, giving particular attention to the specific needs and conditions of developing countries in this context.

UNCTAD could carry on technical cooperation activities aiming at assisting developing countries in the definition and implementation of competition rules and policies.

49. UNCTAD should continue to play an important role in addressing issues related to trade, environment and development. Particular attention should be paid to ensuring the mutual supportiveness and complementary of work between the UNCTAD, WTO and other international organisations such as UNEP, UNDP and the Bretton Woods institutions, to effectively help developing countries to address trade and environment challenges and to maximise positive synergies between trade liberalisation and environmental and health protection while, at the same time, supporting countries in the pursuit of effective environmental policies, at domestic and international level.

UNCTAD should aim at overcoming existing concerns over unilateralism and eco-protectionism. It should raise awareness and build up confidence in the potential of reinforced environmental standards to promote economic growth for the benefit of sustainable development. Subsequently, UNCTAD should encourage developing countries to integrate environmental considerations into their trade and development policies and support them in assessing their priorities in this respect.

UNCTAD should explore inter-linkages between the various trade liberalisation and environmental issues and developing country demands for differential, preferential treatment. In this context, increased win-win research into the potential to yield both direct economic benefits and positive environmental results for developing countries would be of specific importance. UNCTAD could continue looking for positive mechanisms for improved market access and trade facilitation in environmentally preferable goods and services. It could support the building of partnerships for sustainable development as announced at the Lyon Conference (1998) on "Partners for Development".

50. With regard to institutional reforms and capacity-building, in this field of activities, UNCTAD could carry out analysis as well as technical cooperation on the regulatory frameworks favourable to trade development. In this field of activities, UNCTAD should also deal with the following issues related to regional integration:

(a) the effects of the removal of barriers to trade between developing countries;

(b) the establishment of regional disciplines in trade-related matters such as competition, IPRs, SPS and TBT;

(c) the existing interactions between multilateral and regional trade negotiations;

(d) the development perspective of reciprocity between regional groupings of developing countries and developed ones.

These analytical activities should feed into the debate at intergovernmental and at expert level and should be accompanied by technical cooperation aiming at helping developing countries in their regional integration processes. In particular, UNCTAD could, on a demand-driven basis, assist developing countries and especially LDCs in implementing free trade agreements. It should also continue to offer technical cooperation to regional organisations in the preparation of free trade agreements with developed countries as well as in the WTO framework.

d) Service Infrastructure for Development and Trade Efficiency

51. Based on the expertise it has developed and following evaluation of its previous work in this field, UNCTAD should continue to assist developing countries in building up a service infrastructure in the areas of customs, transportation, banking, tourism and insurance and, in cooperation with ITU, telecommunications. While rule-making should definitely remain under the realm of WTO, UNCTAD has a comparative advantage in terms of providing analytical activities and technical assistance in this field. UNCTAD should contribute in the field of trade facilitation through analytical work in support of the handling of these questions in the coming WTO Round and should follow up on the High Level Symposium at Columbus, Ohio.

The following areas should be at the centre of UNCTAD's work programme, with regard to both its analytical activities and technical cooperation:

(a) trade facilitation, the use of information technology in trade-related activities and, in particular, the development-related dimension of electronic commerce;

(b) institutional reforms, capacity-building and training activities supporting the build-up of an efficient services infrastructure for trade;

(c) the possible gains in efficiency in the build-up of services infrastructure for trade at regional level;

(d) LDCs' specific problems, such as access to information technology and build-up of human resource capacity to utilise information technology and thereby participate in the information society.

III.2 Ways and means to improve the effectiveness of UNCTAD work

52. UNCTAD underwent a major overhaul during the 8th Conference, which took place in 1992 in Cartagena. What used to be portrayed as "the spirit of Cartagena" inspired, to a large extent, UNCTAD's activities between the 8th and the 9th Conference. On the other hand, UNCTAD VIII did not achieve enough in terms of streamlining those activities.

UNCTAD IX reduced the number of meetings mainly by trimming down the institutional framework to three main commissions. While the decisions taken by UNCTAD IX on the new format and functions of the TDB have been satisfactorily implemented, there are still shortcomings by the three Commissions in meeting the objectives set out for them in Midrand. In analysing the work accomplished by the Commissions since their creation, it appears that too much of the time has been spent on discussing "agreed conclusions" and too little on substantive dialogue. Furthermore, the follow-up to the Commissions' work is not always properly ensured. Therefore, scope exists for "fine-tuning" and improving the present procedures. Issues related to the functioning of the Commissions, and to better coherence of their terms of reference with the Secretariat's Divisions, should be taken into consideration.

53 UNCTAD X must therefore reiterate the need to ensure an optimum allocation of the Organisation's resources by focusing its activities on issues in which UNCTAD has a real comparative advantage and by choosing a limited number of priorities along the lines set out above. In addition UNCTAD should be requested to evaluate its own work (impact monitoring).

54 UNCTAD should improve the integration of intergovernmental and expert debate on the one hand, and analysis and technical cooperation on the other hand. In addition, UNCTAD should improve the follow-up to the outcome of debate, analysis and technical cooperation. Consistency, and follow-up, of activities will contribute to the impact of the organization on themes in which it has a comparative advantage.

55 Technical cooperation should be demand-driven and based on recipient countries' needs assessments. The Conference should underline the need to enhance internal coordination of technical cooperation activities through, inter alia, the submission to Member States of an annual indicative plan, drafted under the direct responsibility of the Secretary General. LDCs' priority should be ensured. However, UNCTAD technical assistance programmes, should also take into account the needs of countries facing similar problems.

In order to increase the effectiveness of technical cooperation activities, the monitoring and evaluation of each project will have to be properly strengthened. In particular, the impact of projects on national capacities of recipient countries should be assessed and technical assistance programmes should be subject to cost-accounting.

Ways and means should be found to introduce and improve mechanisms for a cost-recovery aimed at pursuing the financial autonomy of certain programmes.

Technical cooperation and support for capacity-building should be carried out in coordination with other donors so achieve coherence and complementarity of action and to avoid overlapping of activities. In this regard, the principles governing the Integrated Framework for LDCs - i.e. coordination among donors and full ownership by developing countries – could be applied to assistance to other developing countries.

framework and to integrate developing countries in the world economy. The Conference should stress the need for cooperation and common initiatives between UNCTAD and other international bodies, in particular WTO and OECD, aiming at achieving such complementarity and synergies and at avoiding competition among the different actors and overlapping in their activities. Such cooperation should allow for better coordination in the definition as well as in the implementation of these activities.

In particular, the Conference should underline complementarity with the WTO. This complementarity is coupled with a clear distinction of the two bodies' roles (negotiation of multilateral rules and concessions and dispute settlement for the WTO, consensus-building in the pre- and post-negotiations phases and analytical activity for UNCTAD, as well as the technical assistance activities that flank both Organisations' chief tasks).

57 UNCTAD X should build on the efforts made since Midrand, especially the Lyon Summit, to enhance the involvement of the civil society and private sector of both developing and industrialised countries in the life of the Organisation, inter alia by ensuring active participation of their representatives in the preparation and holding of intergovernmental and experts' meetings as well as by consulting them on the definition and implementation of technical cooperation projects and in the preparation of analytical documents. Relations between the UNCTAD Secretariat and the representatives of civil society should be conducted in a transparent manner and in a framework ensuring legal security. The careful selection of these representatives according to their competence and capacities is crucial.

UNCTAD should also offer a discussion forum for civil society representatives in trade and development issues.